

# Town Meeting



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## Is Government Stifling Free Enterprise?

Moderator, ORVILLE HITCHCOCK

### Speakers

HOMER E. CAPEHART

JOHN J. SPARKMAN



—COMING—

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**Is Stabilization Working?**

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## Is Government Stifling Free Enterprise?

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The account of the meeting reported in this Bulletin was transcribed from recordings made of the actual broadcast and represents the exact content of the meeting as nearly as such mechanism permits. The publishers and printer are not responsible for the statements of the speakers or the points of views presented.

### THE SPEAKERS' COLUMN

**SENATOR HOMER E. CAPEHART**—Republican of Indiana; member of Senate Banking and Currency Committee and Interstate and Foreign Commerce Committee. Son of a tenant farmer, he was born near Algiers, Indiana, on June 6, 1897. He was educated in the public schools there and served in the Army during the first World War. Returning to civilian life, Mr. Capehart started a business career and in 1928 he organized the Capehart Corporation. Four years later he founded the Packard Manufacturing Corporation, manufacturing musical instruments at Indianapolis, and during the last war he purchased two more manufacturing organizations. Mr. Capehart gained nation-wide attention by his sponsorship of the Republican "Cornfield Conference" in 1938. His political activity expanded further when he directed arrangements for the nomination of Wendell L. Willkie, Republican nominee for president, and in 1944 he was elected to the U. S. Senate on the Republican ticket. The Capehart Plan, a substitute for the Marshall Plan under his sponsorship, was voted down by the Senate. Under this plan, the nations to be helped by the U. S. would be called upon to meet half of the expense through the use of their dollar holdings and investments in this country.

**SENATOR JOHN J. SPARKMAN**—Democrat of Alabama; member of Senate Banking and Currency Committee; Chairman of Select Committee on Small Business. Before entering politics, Mr. Sparkman was secretary of the YMCA at the University of Alabama, practiced law in Huntsville, and taught school part-time in the Huntsville Junior College. In 1936 he made his first political campaign, was elected to the House of Representatives in Congress and was returned five times without opposition. During the time Sparkman served as a Representative he was active in legislation affecting the farmers such as the farm-tenant purchase program, rehabilitation loans for small farmers, and lower interest rates on all farm loans. He took an active interest in legislation for Federal aid for schools without Federal control, and Federal aid for old age pensions, and in measures affecting other aspects of the social security program. In November, 1946, he was elected to the Senate where he has supported parity farm prices, rural electrification programs, the Marshall Plan, Point 4, and the North Atlantic Pact.

**Moderator—ORVILLE HITCHCOCK**—Associate Professor of Speech at the State University of Iowa in Iowa City.

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# Is Government Stifling Free Enterprise?

## **Announcer:**

Tonight America's Town Meeting is proud to originate from a highly significant dinner meeting in the Benjamin Franklin Hotel in Philadelphia, commemorating the 200th anniversary of Mutual Insurance. Assembled here are executives of mutual fire and casualty insurance companies from all parts of the Nation. They send greetings to their associates who are gathered for similar dinners in nearly every state.

It was on this very same date, March 25, in the year 1752, that Benjamin Franklin founded the oldest property insurance company in the Western world. He called it the Philadelphia Contributionship for the Insurance of Houses from Loss by Fire. It is believed to be the oldest business corporation in the United States.

Our congratulations to the insurance company executives who form the Mutual Insurance 200th Anniversary Committee and planned this nationwide observance.

Now to preside as moderator for tonight's discussion, here is Dr. Orville Hitchcock, Professor of Speech at the State University of Iowa.

## **Moderator Hitchcock:**

Good evening, friends. Tonight we come back to a basic question, the question which we have touched upon before on Town Meeting and which I am sure we will discuss again, "Is Government Stifling Free Enterprise?"

In a time of world tension, with our economy straining to provide for civilian needs, while carrying forward at the same time a growing program of rearmament, it is natural that this question of

government controls and their effect on business should come up for consideration. It is one in which you and I have a stake and which we must face squarely. The issue is of special interest now because in the campaign months ahead we are certain to hear it debated frequently and vigorously.

Our setting for tonight's program is an appropriate one. We are meeting at Philadelphia in the beautiful ballroom of the Benjamin Franklin Hotel, under the auspices of the 200th Anniversary Committee of Mutual Insurance, first successfully established in America two centuries ago on this very date by Benjamin Franklin. Our audience thus is made up of insurance people—men and women who have a genuine and sincere interest in American business and in the individual citizen and his government.

We are fortunate also in our speakers. With me on the platform are two of our most able United States senators, men who can speak challengingly and with authority: Senator Homer E. Capehart, Republican of Indiana, ranking minority member of the Senate Banking Currency Committee, and member of the Interstate and Foreign Commerce Committee, and Senator John J. Sparkman, Democrat of Alabama, also a member of the Senate Banking Committee and Chairman of the Select Committee on Small Business.

I'm going to start off the discussion tonight by asking our major question of both of our speakers. Senator Capehart, let's begin with you. Is government stifling free enterprise?

**Senator Capehart:** Thank you, Mr. Hitchcock and ladies and



gentlemen. There isn't any question about it in my mind. In fact, it's so obvious that government is stifling free enterprise that I'm surprised that my able opponent here, John Sparkman, would even argue the question.

Now he might well argue, and you might well argue that it's in the best interest of the United States for government to stifle business or for government to do what they are doing today. That might make a debate and that might make an argument, but the question as to whether it is or is not certainly does not make a debate, because there isn't any question but what it is.

Now I think possibly one of the questions that is going to be asked me here tonight is, "How can government be stifling private enterprise when there are sixty million people working?" Let me say this. Hitler had everybody working in Germany, and Stalin has everybody working in Russia. You can destroy the private enterprise system and still have everybody working if they are working for the government, making armaments or doing other things. That's no test of a free enterprise system, and that's no test of prosperity, because the prosperity we have—and I suspect you'll hear a lot about it here tonight—that prosperity has been built on a \$260,000,000,000 debt.

In other words, we have prosperity, yes; but it's on borrowed money. We haven't paid for it. And I maintain that government is stifling private industry in America; and as time goes on, it will be more noticeable than it is today.

**Moderator Hitchcock:** Well, thank you, Senator Capehart for your forthright answer. Now let's ask Senator Sparkman how he

would answer that question. Is government stifling free enterprise, Senator Sparkman?

**Senator Sparkman:** Well, according to my understanding, *stifle* means *to choke off, to smother, to strangle*. Now let's just examine some of the facts and see if way down deep in our hearts we can honestly say that anything has happened in America to choke off business.

Let me give you just a few facts. In 1929, the gross national product of the United States was \$103.8 billion. In 1951, it was \$306.8 billion, three times as much. Private investment—in 1929, the people of America invested \$15.8 billion. In 1951, they invested \$59.1 billion. They certainly were willing to risk their dollars.

Every other indicator tells the same story. There are today more businesses than ever before in the history of the country. Business profits after taxes, *after* taxes, in 1929 were \$8.4 billion. In 1932, by the way, the last time the party represented by my friend Homer Capehart was in power, the profits after taxes was minus \$3.4 billion. In 1951, they had reached a high of \$17.7 billion. The labor force, the civilian labor force, in 1929 was 49 million; in 1951 it was 62 million. Savings are at or near an all-time high.

Who has been stifled? Certainly not the American businessman, because he's showing the greatest progress, the greatest daring, the greatest venturesomeness ever in the history of this country.

**Moderator Hitchcock:** Thank you, Senator Sparkman. Senator Capehart, I imagine you have a few words to say now.

**Senator Capehart:** I certainly have. First, let me say that this

prosperity that they talk about falls into three categories. Number One, of course, the population of the United States has increased by about 30 to 35 million people, therefore we would naturally expect a turnover of business to increase.

Number Two: The thing that my able opponent forgets to tell you is that you have an inflated dollar today. For example, he talks about \$306,000,000,000, I think. Now just divide that by two, because the dollar today is only worth 50 cents. It will only buy 50 cents what it did twenty years ago, or even ten years ago; therefore, it's a \$150,000,000,000 and not \$300,000,000,000.

And another thing they don't tell you which they should tell you is this, that this big income and all those statistics and figures that he just gave you have been earned at the expense of the American boys. In other words, all I have to say is, it's blood money as the result of World War II and as the result of the Korean War and as a result today of preparation for war. And during World War II there were five years there in which there was no civilian goods built, or very few. There was a great pentup demand in America for goods, and when the war was over, of course, everybody wanted goods; and goods were manufactured and business was good, but it was the result of World War II and don't let anybody fool you.

The inflated dollar is responsible for half of your high wages today, half of your high prices, half of your income, half of all things that my able opponent just mentioned.

And another one, of course, is the increase in population. He

also forgets to tell you, as they all do, that we've got a \$260,000,000 debt— \$260,000,000. Every average family in America today owes \$8,000.

Of course, you can have prosperity. If somebody loans me \$10,000 and I go out and spend it, you're going to create some prosperity but I still owe \$10,000. remark, if you want to argue that this stifling of industry and this prosperity and all the government controls and all this debt and the fact that since we owe the money to ourselves, it doesn't make any difference is a good thing for the country, that makes one debate; but you certainly can't argue with me that industry is not being stifled or that private industry today is not being stifled by government.

**Senator Sparkman:** Now, I hope you'll remember that the comparative years that I used were 1929 and 1951; and you remember something about boom conditions in this country in 1929, and yet the comparisons I gave were between those two years.

Now, Mr. George Sokolsky in his column of September 8, 1951, brought out this fact. The heading was "Figures Show U. S. Economy Sound." Since 1900, an annual average of only 78 out of every 10,000 business concerns failed, no matter how it started or by whom. And he goes on to say that during 1950 there were only 34 failures out of 10,000. I dare-say 1951 would show an even better figure.

Of course we've got a high debt, a debt much higher than I would like to see—a debt that I hope we can start whittling down, but it was a debt that went to pay the greatest and most destructive war of all time.



Now listen. Aside from all of the arguments that my friend Homer Capehart presented, let me ask you just this one question. You insurance people think of the people you deal with—your customers, your clients, your neighbors; think of everybody across the length and breadth of this land. Were the American people

Now as I said in my opening ever enjoying a higher standard of living than today? I know of no better way to measure and to answer the question, "Is the Government Stifling Private Enterprise?"

**Dr. Hitchcock:** Thank you, Senator Sparkman. I imagine that you asked that question of Senator Capehart. Senator Capehart, do you want to grapple with that question a bit? What about this higher standard of living today? What would you say about that?

**Senator Capehart:** I'm going to give the government no credit for that. I'm going to give our technology and industry and the inventive genius of the American people credit for it.

And of course, we've got that \$260,000,000 debt, and he says that of course we had the war and that the war created this debt. Well, I'm not going to argue that point, but the point is they want to take credit for prosperity in America, see, at the expense of the war. Of course the war made it possible for everybody to work, and they all had jobs; but I still say boys died as a result of it, and the debt was created as a result of it, and the debt is what gave you the prosperity in America—the borrowed money plus the armaments and giving all this money away to foreign countries.

**Senator Sparkman:** I want to say that I never asked that the

government be given credit for this. What I'm saying is exactly what Homer Capehart did. Of course, it was the ingenuity, the daring, the courage and the initiative of the American people who were not choked off by the Federal Government. (*Applause*)

**Dr. Hitchcock:** Senator Sparkman, while you're on your feet, I wonder if you wouldn't like to ask a question of Senator Capehart. Would you do that?

**Senator Sparkman:** Well, I packed in just about all I would think of in my first statement. I can't see, to save my life, how he can square the idea of private enterprise being choked off with all of these developments that we have had. I'd like to ask Senator Capehart to give us a definition of what he considers to be private enterprise.

**Dr. Hitchcock:** Yes, I think it would be interesting for us to define free enterprise. We should define our terms. Maybe we're not talking about the same things here. Senator Capehart, how do you define free enterprise?

**Senator Capehart:** Well, I'm going to use the dictionary and read what the dictionary says is free enterprise. "Free enterprise is an economic system in which prices are regulated by supply and demand, and in which the supply is offered by vendors competing freely with each other for the customers' trade without any advantages for any one of them established by private monopoly or governmental action."

Now is there anybody in this audience, or anybody listening to me on the air tonight, that won't admit that the government is in competition with private industry? That government tonight is con-

trolling the prices and the wages and the lives and allocating material and doing all the things that you who are listening to me know just as well as I do? Now you can get up here in a minute—my able opponent—and say “oh, well, that’s due to emergencies.” He won’t call it a war, he’ll call it a police action in Korea, but remember this. Remember this. With all the commitments we now have throughout the world, you’re going to have those emergencies from this time on, and the government is going to find one emergency after the other in order to continue all of these controls.

And I say government is stifling the free enterprise system in America, and not only that, but it’s going to get worse by the day, and by the month, and by the year, because the government—I could make a case out of just taxation alone without anything else. But my time is up here, isn’t it, Mr. Hitchcock?

**Dr. Hitchcock:** I think you’ve defined free enterprise, and now let’s see if Senator Sparkman has a different definition from another dictionary. Senator Sparkman?

**Senator Sparkman:** First, let me tell my friend Homer Capehart just how wrong he is. I certainly referred to it as a war in Korea. I’ve been there and I’ve seen it and I’ve never called it a police action. It is war.

Now I do have a definition for free enterprise. I think the one that Homer gave is good as far as it goes, but I don’t believe that it’s as broad as it ought to be.

Here’s what I conceive free enterprise to be. It’s an economic system under which private individuals or organizations owning their property undertake busi-

ness ventures on their own initiative at their own risk, carry them on in their own way, and enjoy the profits or suffer the losses. Now measure, measure today’s business according to that definition.

Now, my friend Homer Capehart says something about controls. Of course, we’ve got controls. I don’t like controls anymore than he does, but Homer, if I’m not mistaken, you voted for those controls. And not only that, but a great many people out over this country were calling for even more strict controls than we put on. You remember it. I want to see those controls come off just as soon as they can. I daresay that tomorrow Homer and I, sitting on the Banking and Currency Committee, will vote for an extension of the Defense Production Act with the controls and the allocations in it.

Now let’s be honest with ourselves. Of course I want to take them off just as soon as we can, but I believe everyone in this room if he gets down and studies the scarcity of materials in this country—oh, we may have a little let up now—he’ll say, “of course, you were right to put on the controls. Just have a system that will take them off as soon as we can stand it.”

**Dr. Hitchcock:** Senator Capehart, do you want to defend your vote and the one you’re going to cast tomorrow in the Banking and Currency Committee?

**Senator Capehart:** All I want to say is that the present government has one emergency after the other; and through lack of good common horse sense and judgment, through their inability to evaluate situations, they have this nation today in such a confused state



that we have to be realistic, of course, in Washington, about some of these things, and we have to do certain things in order to help them cover up the mistakes that they have made in the past and help them out of the hole. Of course we do.

**Senator Sparkman:** That's the

most generous statement I ever heard from any Republican.

**Dr. Hitchcock:** Well, now with that note of good feeling, maybe it's time for us to take questions from our large and enthusiastic audience of insurance executives here in the Benjamin Franklin Hotel in Philadelphia.

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## QUESTIONS, PLEASE!

**Lady:** Senator Sparkman, if we started on the road to socialism, as England has been, can we or they return to free enterprise?

**Senator Sparkman:** Well, I want to challenge the very premise of your question and say that we have not started on the road to socialism and we are not going to. I've heard that question many, many times, that statement made, and I have thrown out this challenge many times: Name me one single act of congress, that's in the statute books, that is taking us down the road to socialism.

I know that they have said it about a lot of them. They said it when the Interstate Commerce Commission was set up way back about 1880 to regulate railroads. They said it when the Parcel Post was set up.

Of course, the first socialistic venture in this country was started by the man that you've been honoring tonight—Benjamin Franklin—when he set up the Post Office department of the United States, and the next came in 1787 when the Northwest Ordinance specified that every section 16 should be set aside for public school purposes and schools should be a primary function of government. Nobody calls those things socialistic today.

They called the Federal Reserve Act socialistic, and it was fought on that ground. Ah, that great socialist Carter Glass was the author of that act! They called the Federal Deposit Insurance Company Act socialism, but find a bank in this country today that doesn't like it. I could go on and name many others. We're not going to start even down the road to socialism.

**Dr. Hitchcock:** Senator Capehart, do you think we're on the road to socialism?

**Senator Capehart:** Well, I think we're on the road to socialism, yes, and I'll tell you why. It will take me only one second. The taxation system in America and the huge expenditures will force this nation into socialism because it will bankrupt the businessmen and the farmers in America eventually, and then the government will have to take over. Don't let anybody fool you. Unless you can stop the huge expenditures and waste, you'll have socialism in America because industry and the average business man can't stand it.

**Man:** Senator Capehart, where would you draw the line, Senator, in government regulation of business, since I think you believe we have already gone too far?



*Senator Capehart:* Well, I'm not certain that I understand your question. I would keep government completely out of business. We've gone so far now that it's going to be a little hard to back up. I'll say that, because it's easy to get into these schemes but awfully hard to get out of them.

I'll give you an example. When we had our first federal income tax in 1913 the discussion was whether it would be three or four percent, and many of those that were opposed to it, of course, said that someday you might have a Congress that would pass a ten percent federal income tax. Of course, all of us here tonight in this room and listening to me have seen it go as high as 91 percent. The question is, "Where should we stop?" We should never begin in the first place.

*Man:* Senator Sparkman, we are supposed to be the richest and the most prosperous nation in the world, but isn't it really an inflated war prosperity that may collapse?

*Senator Sparkman:* No, I don't agree with you. Of course, the war, World War II, did inflate us terribly in this country, and we've been fighting inflation ever since, and as long as we have a tremendous debt such as \$256,000,000 we are going to have a certain degree of inflation. You might as well honestly accept that fact. It's true. But if we can hold the inflation we're not going to collapse. Now let me say just this with reference to a thing that my friend Senator Capehart said a minute ago about the income tax. He referred to the first income tax. If I remember my history correctly, the first income tax was levied during the administration of Abraham Lincoln. And listen to this. Let

me give you a quotation from Abraham Lincoln. I heard somebody here tonight give one from Benjamin Franklin. Abraham Lincoln said this: "The legitimate object of government is to do for the people what needs to be done but which they cannot by individual effort do it all or do so well for themselves."

*Man:* Senator Capehart, isn't it the responsibility of government to provide a cushion against unemployment, ill health, and old age so that we may all be better off?

*Senator Capehart:* Well, let me say this to you. I think one of the fundamental principles of the American system of government, and I don't think the system will survive unless we adhere to it, was that families were to take care of families, cities were to take care of cities, counties were to take care of counties, states were to take care of states, and the federal government was to be the big umpire, to see that no one took advantage.

I think we've got to get back to the fundamental principle that families must take care of families. Yes, I see no reason why we shouldn't have unemployment insurance, and no reason why man shouldn't have the right to insure himself against the loss of job any more than he does to insure his house against fire. But I think private industry can take care of it, and I think they could have taken care of it, and I think you could have organized insurance companies to have handled it just like compensation insurance is not handled by the federal government. It's handled by states and it's handled by private insurance companies in America. I don't think the government should ever get

into anything that can possibly be handled by private industry.

*Man:* I should like to direct my question to both of our distinguished speakers. Will a change in the administration result in a reversal of the trend toward socialism? If so, in what respect?

*Dr. Hitchcock:* I knew that we wouldn't go very far without getting into politics tonight. Senator Sparkman?

*Senator Sparkman:* Well, first let me say I do not accept the premise that we are tending toward socialism. Certainly if we are—and I want you to mark my words—it is upon the vote of both parties in Congress because every one of these measures has been so supported. And furthermore let me say this. It doesn't matter which party comes into power so far as the maintenance of those laws that are on the statute books now are concerned. Nobody is going to repeal Federal Deposit Insurance, nobody is going to repeal the Federal Housing Administration, nobody is going to repeal the Federal Reserve, Social Security, many other things that I could mention. Name one that they will.

*Dr. Hitchcock:* Thank you, Senator Sparkman. I think Senator Capehart wants to pass that question for the moment. We have another gentleman who has a question I think for both speakers.

*Man:* Would Congress of its own volition have initiated as much legislation of control character as it has been induced to do by the executive department to solve its own created crises?

*Senator Capehart:* The answer is absolutely one hundred percent no.

*Dr. Hitchcock:* Senator Spark-

man, do you want to say anything different?

*Senator Sparkman:* Well, let me give you an example. When the printed hearings come out—the hearings before the Banking and Currency Committee on the extensions of the present Defense Production Act—get it and read the remarks made from time to time by Senator Capehart. He jumped on the President of the United States and the executive for not putting controls into effect way back last fall instead of waiting until January; and find out if he didn't say and didn't offer back then to freeze everything across the board when the President was only asking for the right to put on selective controls. Now, I submit to you that Congress went much further in controls than the President ever asked for, but didn't go as far as Senator Capehart contended we should go.

*Dr. Hitchcock:* Senator Capehart, how far did you want to go?

*Senator Capehart:* Of course, he's taking one isolated case, using it, and I'm glad he did. He's quoting me as saying certain things. Of course, the reason I said what I did is because the President of the United States is always trying to make a scapegoat out of individual senators and out of the Congress of the United States. If things go good, the President takes one hundred percent credit for them, but if they go wrong or something happens that he doesn't like or he thinks certain of his friends and pressure groups of America won't like, then of course he blames the Congress of the United States and blames individual senators for it.

I said and I repeat now that had the President of the United States put controls on when he



should have, when the Korean War broke out, then taken them off three or four months later when they should have been taken off, we would have avoided a lot of the inflation we have in the United States, and I stand by it. And I still say that any time this nation goes to war, they ought to freeze prices and wages that moment and then take them off at a later time and that they ought to be willing to take them off when the time comes if you don't any longer need them. And I'm about to make up my mind that that time has arrived in this particular emergency of the many emergencies that the present administration has.

*Man:* Senator Sparkman, small businesses are having difficulty in getting employees to conduct business because of the high wages paid by government agencies, causing an end of their expansion. What can be done about this?

*Senator Sparkman:* As far as I know, government wages paid in any government installation are set by the prevailing wage of the community. That's the law. That's the law. Where there is a government contract to be filled, the wages paid shall be the wages that are prevailing in that community or that same type of work. Now if it works differently, I don't know. I'm not aware of it.

*Dr. Hitchcock:* Maybe we should have someone from the audience come up and make a speech on the other side of that same issue here. They don't seem quite to agree.

*Man:* Senator Capehart, don't you think the government has thrown its influence behind too much legislation that is solely designed for the benefit of special pressure groups without any con-

sideration as to whether it's in the best interest of the people of the country as a whole?

*Senator Capehart:* Well, there isn't any question about it in my mind. My answer is *yes* and you are a hundred percent right.

*Dr. Hitchcock:* Well, I guess we can't elaborate on that one. Let's take a question for Senator Sparkman.

*Man:* Senator Sparkman, do you believe that the Niagara Power Development should be under the Federal, State, or under private enterprise?

*Senator Sparkman:* Well, I know nothing about the Power Development in the State of New York. I could tell you something about the TVA. I think the TVA has been one of the greatest developments in this country and I think it was properly developed. It was a unified program for a river that never could have been developed by private industry.

*Senator Capehart:* I'd like to answer that question by saying that I think it ought to be developed by private industry, and I introduced legislation to that effect. Here is another good example, you see, of where the Federal Government wants to socialize and control and take over the production of power in America when private industry in the Niagara frontier are now operating it and are willing to expand it and they have the money. Yet the Federal Government wants to take it over. And I'm going to say this to you, that the Federal Government, if you give them a chance, they'll take over all business in America. What do you think of that?

*Man:* Senator Sparkman, do you think that the increasing cost of

keeping records for the government, in addition to paying the increase in taxes, is stifling free enterprise?

*Senator Sparkman:* I suppose you refer to the various reports that you have to make out in connection with controls. Certainly controls have an adverse effect upon the business. They are something that we don't want, and I say to you what I said a while ago—that we will take them off just as soon as we possibly can. As a matter of fact, I believe you will find that when the new Defense Production Act comes out, there will be a system set up in there to provide flexibility, to direct the removal of controls just as fast as we can possibly stand them. I want to see businessmen in America relieved of having to keep those records and having to file those reports.

*Dr. Hitchcock:* Senator, while you're up here, let's take another question for you.

*Man:* Senator Sparkman, why does the government enter the insurance business such as the hail insurance on crops, when protection is already afforded by the insurance industry?

*Senator Sparkman:* I presume you refer to the crop insurance. As a matter of fact, there may be some certain types of insurance against crop hazards, but I remember when that act was first written and tried on an experimental basis only. It was presented to us after effort after effort had been made to get private insurance companies to insure crops and they simply would not do it.

*Man:* Senator Capehart, would you advocate the repeal of the Social Security Act, and why or why not?

*Senator Capehart:* It would be impossible to insure it today, and I'll tell you why. There is about \$25,000,000,000, supposedly, in money in Washington, in a trust fund. Now that money isn't there, it's been spent. There has been a bond, put, of course, in the till for it. If you tried today to repeal it, where would you get the \$25,000,000,000 to redistribute to the people that contributed for a specific purpose?

Now I would advocate this, and it should have been done originally when we went into social security, if they hadn't gone into it on the basis of raising funds or taxes, and that is we ought to put it on the basis of pay-as-you-go. In other words, tax the people each year for exactly what you pay out to the beneficiaries, no more and no less, and eliminate this so-called trust fund you've got down there which is not a trust fund, because the money goes into the general treasury and it is spent and becomes a part of the debt of the United States. Most people have got an idea that the money is in Washington. It isn't, it's been spent, it's gone. And when you pay the beneficiaries now on some \$25,000,000,000 that they think they've got down there, you're going to have to retax the American people to get the \$25,000,000,000.

*Man:* Senator Sparkman, does not regulation of business create bureaus, and is it not the tendency of bureaus to further their own growth by endeavoring to increase their regulatory powers?

*Senator Sparkman:* I wonder if the gentleman would be willing to do away with all regulations. I wonder if he'd do away with the Federal Communications Commission, the Interstate Commerce Commission, and a few of those



regulatory bodies. You know, it's so easy for us to talk about this little narrow-range, temporary matter of putting controls on and regulations under that. But remember, that most of the regulating functions of the government are those that have been there for a long, long time, that do this kind of refereeing that Senator Capehart was talking about a few minutes ago.

*Dr. Hitchcock:* Senator Capehart wants to say something.

*Senator Capehart:* I just want to say this. I think the government should regulate many things, but I want the government to regulate them like a policeman does, like a policeman regulates traffic. But I don't want the government riding in the parade or riding in the traffic or putting their own automobiles or cars in the traffic. I want them to be a policeman but I don't want them to take part in the parade or take part as one of the participants in the traffic.

*Man:* Senator Sparkman, can it

be said that today government by the people, of the people, and for the people is following the concept as originally intended?

*Senator Sparkman:* Yes, I certainly think it is. I think today we have the finest example of government of the people, for the people, and by the people. I'm not taking any credit for the Democratic Administration. I'm saying that it was put there by the action of both the Democrats and the Republicans, and watch it—it will stay there.

*Dr. Hitchcock:* Thank you, Senator Sparkman and Senator Capehart for this very stimulating Town Meeting. We also want to express our appreciation to the 19 members of the Mutual Insurance 200th Anniversary Committee, particularly Mr. J. H. R. Timanus, the Chairman, and to all the insurance people who have listened in at anniversary dinners all over the nation.

So plan to be with us next week and every week at the sound of the Crier's Bell.

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# FOR FURTHER STUDY OF THIS WEEK'S TOPIC

## *Background Questions*

1. How would you define free enterprise?
2. Is completely free enterprise in the best interests of our entire population, or must there be some government regulation to prevent abuses?
  - a. What type and how much regulation is necessary?
  - b. Which is better—self-regulation or government regulation?
3. Is government taking over too many of the functions of private business?
  - a. Are there some areas in which government is more efficient than private business?
  - b. Can and will free enterprise solve such problems as stabilizing our economy to avoid inflation and depression, building highways and flood control projects, etc.?
  - c. How much freedom from government control can business have and still fulfill its social responsibility?
4. Is government trying to destroy free enterprise or is it following measures that must be followed in a time of crisis, such as we are now in?
  - a. Has big business done more to strifle free enterprise than government regulations?
5. Are we, as individuals, depending too much on government for our security?
  - a. Are self-reliance, individual initiative, thrift, and willingness to take risks on the downgrade?
  - b. Or do individuals have as much opportunity to become successful in business as in former years?
6. Does government planning lead to socialism?
7. Is "promoting the general welfare" compatible with "providing the blessings of liberty for ourselves and our posterity"?
8. Do present tax policies threaten free enterprise, initiative and thrift, or are they the best way to equalize the burden of supporting our government and fulfilling domestic and international responsibilities?
9. Do government subsidies reward inefficient producers or are they necessary to provide minimum incomes for various segments of the population?
10. Do antitrust suits punish efficient companies whose success has helped them grow large, or do they guarantee that small businesses will have equal opportunity for free and fair competition?
11. Does big business have too much influence on government?
12. Does small business have a chance to survive now or are there too many government controls?





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